



May 16, 2023

Mr. Mortimer Buckley
Chief Executive Officer, Vanguard
100 Vanguard Boulevard
Malvern, PA 19355

Dear Mr. Buckley,

As governors, we are responsible for protecting our people and recognize financial security plays a significant role in their lives and livelihoods. We are deeply committed to ensuring that our state investments deliver the highest possible returns while insulating our states from financial risk. Such financial risk can often come from external factors and threats to our nation's financial security—including the risk posed by the Chinese Community Party (CCP).

In January 2023, Vanguard indicated that you were exploring the option of creating a new emerging markets fund that excludes any investments in China. We strongly encourage Vanguard to begin offering a new product isolated from risk posed by the CCP as soon as possible so states have an option to protect our citizens from exposure to the CCP without jeopardizing our financial returns. Many of our states utilize Vanguard as an asset manager for our state investment dollars. Vanguard has distinguished itself among its competitors in part by charging significantly lower fees, allowing states like ours to give more money back to our people.

We applaud Vanguard's decision in 2020 to return over \$20 billion in managed assets to government and government-backed clients in China. If recent reports are true, we also fully support Vanguard's decision to exit its joint venture with Chinese financial group Ant. Now, Vanguard has an opportunity to lead again by creating an emerging markets fund that delivers market-leading returns while allowing states to protect themselves from the threat the CCP poses.

The CCP is ramping up its efforts to infiltrate the United States and targeting our states in order to do so:

- Purchasing significantly more American land, particularly farmland, in order to control our food supply and collect critically important intelligence information in the process;
- Invading the homes of 150 million monthly active TikTok users in the United States and using the app to collect data off of our people's devices;
- Brazenly sending a spy balloon across the American homeland with the intent of gathering intelligence on American military installations; and,
- Gaining entry, under the guise of diplomatic missions and exchange programs, into our universities, governments, and private sector institutions in an orchestrated attempt to manipulate almost every facet of our day-to-day lives.

Because of these and other security threats, our states are looking for options to invest our taxpayer dollars in a way that does not financially benefit the CCP. We appreciate Vanguard's attention to this matter and look

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forward to seeing how you are able to once again lead the industry through your attention to this critically important issue.

Sincerely,



Governor Kristi Noem
State of South Dakota



Governor Kim Reynolds
State of Iowa



Governor Tate Reeves
State of Mississippi



Governor Greg Abbott
State of Texas